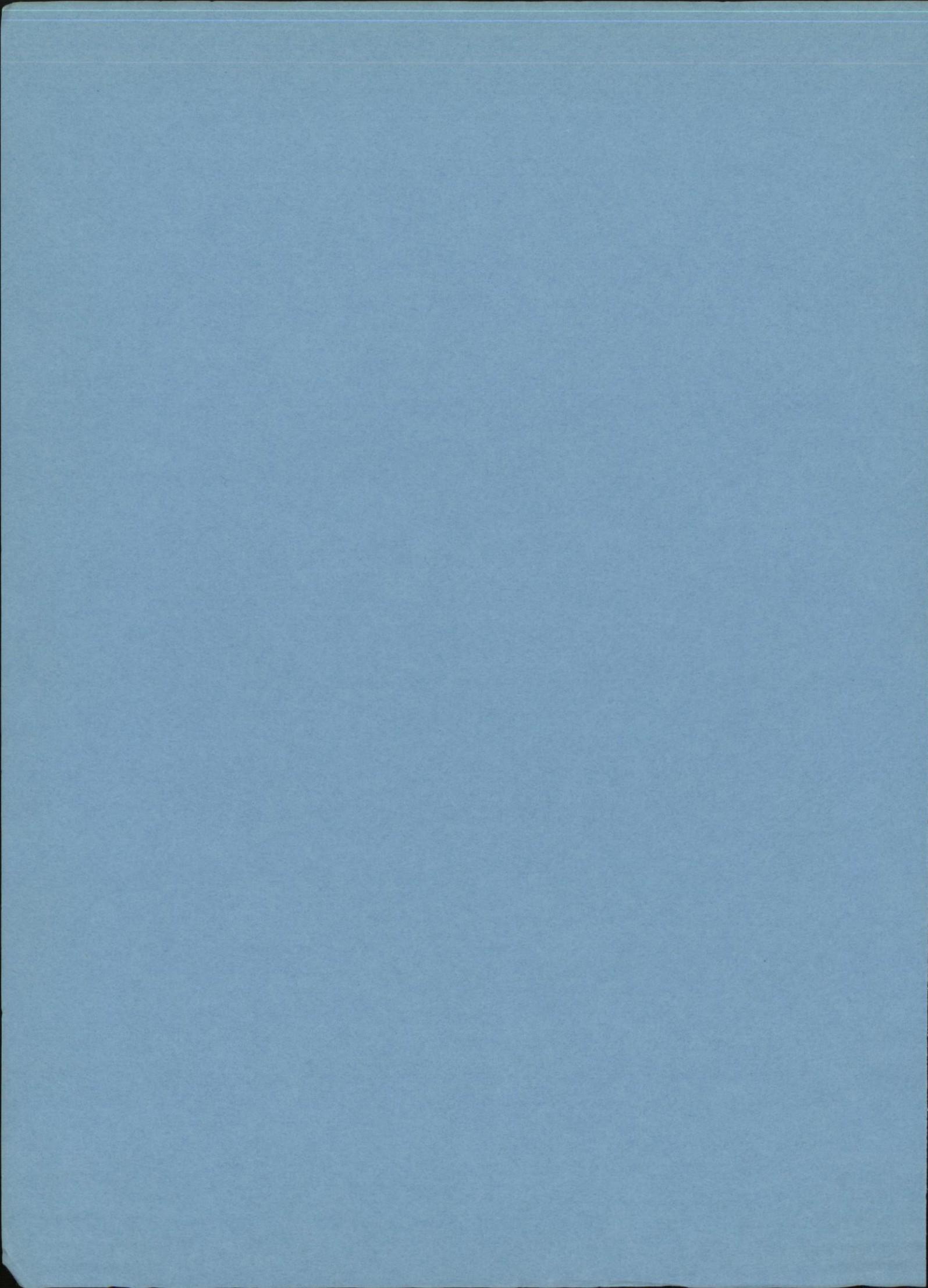


BLUE CROSS OF NORTHEAST OHIO
FINANCIAL AND STATISTICAL STATEMENTS
DECEMBER, 1962

BOARDS
MRT
J 368.42
8625f



AUG 11 1964

CC

✓

RECORDED

EXHIBIT A

ASSETS
December 31, 1962

CASH

Deposits in Commercial Accounts.....	\$ 4,261,236.67
Savings Deposits at Interest.....	538,601.91
On Hand.....	<u>650.00</u>
	\$ 4,800,483.58

INVESTMENTS

United States Government Securities.....	15,866,278.76
Public Utility & Industrial Securities.....	<u>271,528.50</u>
	16,137,807.26

ACCRUED INTEREST..... 165,915.09

ACCOUNTS RECEIVABLE

Group Subscribers.....	1,473,598.10
Medical Mutual of Cleveland, Inc.....	77,576.95
Ohio Medical Indemnity, Inc.....	20,818.24
Advances for Other Service Plans.....	61,412.39
Inter-Plan Service Benefit Bank.....	322,749.95
Prepaid Premiums - Employees' Retirement Plan..	<u>47,770.17</u>
	<u>2,003,925.80</u>

TOTAL ADMITTED ASSETS..... \$23,108,136.73

MEMORANDUM ACCOUNT - NON-ADMITTED ASSET:

Air Travel Deposit.....	\$ 425.00
-------------------------	-----------

EXHIBIT B

LIABILITIES AND RESERVES
December 31, 1962

UNEARNED INCOME (LEGAL RESERVE)..... \$ 5,466,725.66

DUE HOSPITALS FOR ACCRUED BILLINGS, INCOMPLETE,
UNDISCHARGED AND UNREPORTED CASES..... 9,729,341.22

DUE HOSPITALS FOR ADJUSTED PAYMENTS

Payments (or Refunds) required to adjust
tentative payments to audited rates:

First Half, 1962 (Preliminary)..... (A) \$2,301,040.17
Last Half, 1962 (Preliminary)..... (A) 2,990,000.00

Total due Hospitals..... 5,291,040.17

Less: Contingent Liability for Payment to
be made only out of future earnings. (B) 1,157,636.56

Balance Currently Payable to Hospitals..... 4,133,403.61

ACCOUNTS PAYABLE, ACCRUED ACCOUNTS, AND OTHER LIABILITIES

General Accounts Payable.....	71,396.79
Deposit for F.E.P. Claims.....	50,000.00
Unclaimed Checks.....	38,047.53
Medical Mutual of Cleveland, Inc.....	19,408.94
Ohio Medical Indemnity, Inc.....	2,798.29
U.S. Taxes Withheld from Employees.....	20,228.49
Deposited for Purchase of U.S. Savings Bonds	1,276.65
Federal and State Social Security Taxes.....	12,638.36
Accrued Employees' Compensation.....	36,108.73
Reserve for Employees' Retirement Plan.....	<u>15,000.00</u>

266,903.78

RESERVE FOR CONTINGENCIES..... (C) 3,511,762.46

TOTAL LIABILITIES AND RESERVE..... \$23,108,136.73

Total Persons Protected..... 1,742,035

Contingencies Reserve Per Capita..... \$2.02

Contingencies Reserve in Months of
Hospital and Administrative Expense..... .46

(A) Current Hospital Billings are paid at tentative rates, and Adjusted Payments
(or Credits) as shown above at (A) are due at the close of each six-month
period to adjust these tentative payments to hospital audited costs of
service rendered to Subscribers.

(B) The Inter-Hospital Agency Contract provides that no payments may be made
to Hospitals which will reduce the Contingencies Reserve to less than
one-half the preceding month's income. Compliance with this provision
requires that a part, shown above at (B), of the total sum due Hospitals,
be recorded as a Contingent Liability, payable only out of future earnings.

(C) At minimum level required by the Inter-Hospital Agency Contract.

EXHIBIT C

STATEMENT OF INCOME AND EXPENSE
December, 1962

	<u>DECEMBER</u>	<u>FIRST HALF</u>	<u>LAST HALF</u>	<u>YEAR TO DATE</u>
<u>INCOME</u>				
Earned Income from Subscribers.....	\$6,974,603.03	\$42,780,066.06	\$42,313,933.76	\$85,093,999.82
<u>EXPENSE</u>				
Administrative Expense.....	<u>215,425.31</u>	<u>986,686.49</u>	<u>1,014,955.61</u>	<u>2,001,642.10</u>
	<u>6,759,177.72</u>	<u>41,793,379.57</u>	<u>41,298,978.15</u>	<u>83,092,357.72</u>
<u>HOSPITAL SERVICES</u>				
Estimated Incurred Claims for Hospital Care at Tentative rates.....	6,740,000.00	40,863,665.62	41,659,000.00	82,522,665.62
Adjustment to Estimated Audited Hospital Rates.....	<u>504,300.00</u>	<u>2,301,040.17</u>	<u>2,990,000.00</u>	<u>5,291,040.17</u>
Total Hospital Costs.....	<u>7,244,300.00</u>	<u>43,164,705.79</u>	<u>44,649,000.00</u>	<u>87,813,705.79</u>
Less: Refunds covering Compensation Claims, etc.....	<u>7,509.96</u>	<u>98,915.22</u>	<u>83,153.22</u>	<u>182,068.44</u>
	<u>7,236,790.04</u>	<u>43,065,790.57</u>	<u>44,565,846.78</u>	<u>87,631,637.35</u>
<u>TO CONTINGENCIES RESERVE-FROM SUBSCRIBER INCOME</u>	-477,612.32	-1,272,411.00	-3,266,868.63	-4,539,279.63
<u>OTHER INCOME AND ADJUSTMENTS</u>				
Income from Investments.....	<u>59,009.58</u>	<u>352,653.06</u>	<u>331,119.22</u>	<u>683,772.28</u>
Alteration Expense.....	<u>609.39</u>	<u>3,702.52</u>	<u>3,674.88</u>	<u>7,377.40</u>
	<u>59,618.97</u>	<u>356,355.58</u>	<u>334,794.10</u>	<u>691,149.68</u>
	<u>-417,993.35</u>	<u>-916,055.42</u>	<u>-2,932,074.53</u>	<u>-3,848,129.95</u>
<u>ADJUSTMENT TO CONTINGENCIES RESERVE DUE TO DETERMINATION OF ACTUAL HOSPITAL SERVICES INCURRED, 1961</u>	<u>-0-</u>	<u>160,623.48</u>	<u>-0-</u>	<u>160,623.48</u>
CONTINGENT LIABILITY (TO BE PAID ONLY OUT OF FUTURE EARNINGS)	<u>-417,993.35</u>	<u>-755,431.94</u>	<u>-2,932,074.53</u>	<u>-3,687,506.47</u>
	<u>400,863.37</u>	<u>-0-</u>	<u>1,157,636.56</u>	<u>1,157,636.56</u>
<u>NET CHANGE IN CONTINGENCIES RESERVE (A)</u>	<u>\$ -17,129.98</u>	<u>\$ -755,431.94</u>	<u>\$ -1,774,437.97</u>	<u>\$ -2,529,869.91</u>

(A) Provision to maintain Contingencies Reserve at minimum level required by Inter-Hospital Agency Contract.

EXHIBIT D

ADMINISTRATIVE EXPENSE
December, 1962

<u>EXPENSE</u>	<u>FOR THE MONTH</u>		<u>CUMULATIVE</u>	
	<u>1962</u>	<u>1961</u>	<u>1962</u>	<u>1961</u>
Salaries - General.....	\$124,051.76	\$116,493.34	\$1,517,987.20	\$1,495,075.61
Salaries - Branch Office.....	5,064.21	4,886.51	62,940.93	60,499.67
Travel.....	828.96	893.34	8,914.80	11,910.26
Automobile Expense.....	2,158.92	2,590.83	28,500.59	30,190.33
Rent and Light.....	17,755.70	17,506.19	211,557.84	208,581.89
Association Dues.....	2,918.00	2,929.00	42,927.50	42,835.00
Legal Expense.....	10,439.08	25.00	42,659.02	17,136.85
Furniture and Equipment.....	1,299.14	6,022.30	28,243.28	34,385.75
Equipment Rental.....	14,450.51	11,985.81	161,278.33	144,794.22
Printing, Stationery & Supplies..	52,204.89	13,694.62	243,553.95	193,496.88
Books and Periodicals.....	255.72	427.79	2,339.44	2,813.71
Postage and Express.....	17,173.83	7,917.15	94,323.58	83,914.60
Telephone and Telegraph.....	6,130.51	6,043.82	77,978.08	75,306.89
Collection (Bank Charges).....	2,089.64	1,988.60	25,476.14	25,915.32
Advertising.....	7,958.78	2,410.78	94,272.94	64,452.39
Insurance - General.....	-0-	5.86	3,732.98	15,007.84
Employee Welfare.....	13,732.50	15,245.08	189,659.05	182,060.97
Auditing & Actuarial Services....	848.26	750.00	11,117.02	9,500.00
Auditing - Hospitals.....	7,933.24	10,962.15	100,066.79	99,600.33
Mailing Services.....	21,948.69	1,448.07	33,014.96	12,612.55
Service Charges-Inter-Plan Bank..	4,050.00	3,795.00	48,654.00	45,631.19
Special Contract Expense.....	216.99	312.61	3,532.22	2,468.81
Miscellaneous.....	2,894.14	5,189.56	103,217.35	76,843.41
Citizens' Committee Study.....	-15.00	-0-	2,122.41	1,924.05
Hospital Facilities Survey.....	-0-	30,000.00	15,167.08	30,000.00
	<u>\$316,388.47</u>	<u>\$263,523.41</u>	<u>\$3,153,237.48</u>	<u>\$2,966,958.52</u>
Less: Service Charges:				
Medical Mutual of Cleve., Inc....	77,576.95	67,615.48	892,179.42	825,572.26
Ohio Medical Indemnity, Inc.....	18,534.61	15,659.79	213,977.67	189,807.91
Inter-Plan Bank.....	2,814.00	2,319.00	29,364.00	27,450.00
Medicare Program.....	537.60	222.83	5,859.96	4,488.07
Federal Employees' Program.....	1,500.00	834.00	10,214.33	29,060.18
	<u>\$100,963.16</u>	<u>\$ 86,651.10</u>	<u>\$1,151,595.38</u>	<u>\$1,076,378.42</u>
	<u>\$215,425.31</u>	<u>\$176,872.31</u>	<u>\$2,001,642.10</u>	<u>\$1,890,580.10</u>
Percentage of Expense to Income.....	3.09	2.50	2.35	2.29

